



**GREAT CHINA HOLDINGS LIMITED**  
**大中華集團有限公司**

*(Incorporated in Hong Kong with limited liability)*

(Stock code: 0141)

**ANNOUNCEMENT OF INTERIM RESULTS FOR  
THE SIX MONTHS ENDED 30 JUNE 2008**

The Board of Directors (the “Board”) of Great China Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2008, together with the comparative figures for the corresponding period in 2007. The results have been reviewed by the Company’s audit committee.

**CONDENSED CONSOLIDATED INCOME STATEMENT**

	<i>Note</i>	<b>Six months ended 30 June</b>	
		<b>2008</b>	<b>2007</b>
		<b>HK\$’000</b>	<b>HK\$’000</b>
		<b>Unaudited</b>	<b>Unaudited</b>
Revenue	2	<b>738,000</b>	765,331
Cost of sales		<b>(651,399)</b>	(736,801)
<b>Gross profit</b>		<b>86,601</b>	28,530
Other income	4	<b>47,842</b>	66,261
Distribution costs		<b>(56,395)</b>	(58,894)
Administrative expenses		<b>(15,569)</b>	(15,242)
Finance costs	5	<b>(7,935)</b>	(5,904)
Share of results of associates		<b>4,398</b>	17,990
<b>Profit before taxation</b>	6	<b>58,942</b>	32,741
Income tax expense	7	<b>(2,396)</b>	(17,706)
<b>Profit for the period</b>		<b>56,546</b>	15,035
<b>Dividends</b>	8	<b>2,617</b>	2,617
<b>Earnings per share – Basic</b>	9	<b>HK21.61 cents</b>	HK5.75 cents

## CONDENSED CONSOLIDATED BALANCE SHEET

		At 30 June 2008 <i>HK\$'000</i> <b>Unaudited</b>	At 31 December 2007 <i>HK\$'000</i> Audited
<b>Non-current assets</b>			
Goodwill		3,000	3,000
Investment properties		690,708	661,521
Property, plant and equipment		13,414	6,382
Prepaid lease payments		38,111	503
Deposit paid on acquisition of leasehold land and buildings		–	4,466
Interests in associates		97,527	93,098
Loan to an associate		20,609	21,464
Available-for-sale financial assets		3,694	4,101
		<u>867,063</u>	<u>794,535</u>
<b>Current assets</b>			
Properties held for sale		18,259	29,764
Inventories		241,738	90,224
Prepaid lease payments		318	5
Trade and other receivables	<i>10</i>	108,436	183,632
Amount due from an associate		42,909	44,003
Financial assets at fair value through profit or loss	<i>11</i>	1,276	–
Bank balances and cash		263,772	70,778
Pledged bank deposit		9,091	8,602
		<u>685,799</u>	<u>427,008</u>
Asset classified as held for sale		–	14,881
		<u>685,799</u>	<u>441,889</u>

**CONDENSED CONSOLIDATED BALANCE SHEET – continued**

		At 30 June 2008 <i>HK\$'000</i> Unaudited	At 31 December 2007 <i>HK\$'000</i> Audited
	<i>Notes</i>		
<b>Current liabilities</b>			
Trade and bills payables	13	222,627	159,318
Other payables and accrued expenses		59,308	69,568
Financial liabilities at fair value through profit or loss	12	2,037	–
Rental deposits received		6,610	6,510
Borrowings		353,925	158,871
Taxation payable		1,311	1,215
		<u>645,818</u>	<u>395,482</u>
<b>Net current assets</b>		<u>39,981</u>	<u>46,407</u>
<b>Total assets less current liabilities</b>		<u>907,044</u>	<u>840,942</u>
<b>Non-current liabilities</b>			
Borrowings		124,935	134,435
Deferred tax liabilities		85,321	81,322
		<u>210,256</u>	<u>215,757</u>
<b>NET ASSETS</b>		<u><u>696,788</u></u>	<u><u>625,185</u></u>
<b>Capital and reserves</b>			
Share Capital		52,337	52,337
Reserves		644,451	572,848
<b>TOTAL EQUITY</b>		<u><u>696,788</u></u>	<u><u>625,185</u></u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital <i>HK\$'000</i> Unaudited	Share premium <i>HK\$'000</i> Unaudited	Exchange reserve <i>HK\$'000</i> Unaudited	Investment revaluation reserve <i>HK\$'000</i> Unaudited	Retained profits <i>HK\$'000</i> Unaudited	Total <i>HK\$'000</i> Unaudited
<b>At 1 January 2008</b>	<b>52,337</b>	<b>19,516</b>	<b>48,439</b>	<b>1,231</b>	<b>503,662</b>	<b>625,185</b>
<b>Exchange difference not recognized in the condensed consolidated income statement</b>	<u>-</u>	<u>-</u>	<u>17,674</u>	<u>-</u>	<u>-</u>	<u>17,674</u>
<b>Net income recognized directly in equity</b>	-	-	17,674	-	-	17,674
<b>Profit for the period</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>56,546</u>	<u>56,546</u>
<b>Total recognized income for the period</b>	-	-	17,674	-	56,546	74,220
<b>Dividend paid</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,617)</u>	<u>(2,617)</u>
<b>At 30 June 2008</b>	<u><b>52,337</b></u>	<u><b>19,516</b></u>	<u><b>66,113</b></u>	<u><b>1,231</b></u>	<u><b>557,591</b></u>	<u><b>696,788</b></u>
<b>At 1 January 2007</b>						
– as originally stated	52,337	19,516	13,457	(596)	483,040	567,754
– prior year adjustment	<u>-</u>	<u>-</u>	<u>(147)</u>	<u>-</u>	<u>(3,984)</u>	<u>(4,131)</u>
– as restated	<u>52,337</u>	<u>19,516</u>	<u>13,310</u>	<u>(596)</u>	<u>479,056</u>	<u>563,623</u>
<b>Exchange difference not recognized in the condensed consolidated income statement</b>	<u>-</u>	<u>-</u>	<u>466</u>	<u>-</u>	<u>-</u>	<u>466</u>
<b>Net income recognized directly in equity</b>	-	-	466	-	-	466
<b>Profit for the period</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,035</u>	<u>15,035</u>
<b>Total recognized income for the period</b>	-	-	466	-	15,035	15,501
<b>Dividend paid</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,617)</u>	<u>(2,617)</u>
<b>At 30 June 2007</b>	<u><b>52,337</b></u>	<u><b>19,516</b></u>	<u><b>13,776</b></u>	<u><b>(596)</b></u>	<u><b>491,474</b></u>	<u><b>576,507</b></u>

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months ended 30 June	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Unaudited
Net cash generated from/(used in) operating activities	9,201	(62,822)
Net cash generated from investing activities	3,033	5,444
Net cash generated from financing activities	<u>180,504</u>	<u>60,291</u>
Net increase in cash and cash equivalents	192,738	2,913
Cash and cash equivalents at beginning of period	70,778	57,715
Effect on exchange rate changes	<u>256</u>	<u>2,048</u>
Cash and cash equivalent at end of period	<u><u>263,772</u></u>	<u><u>62,676</u></u>

# NOTES TO THE CONDENSED CONSOLIDATED BALANCE SHEET AND INCOME STATEMENT

## 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

### Basis of preparation

The unaudited interim financial statements for the six months ended 30 June 2008 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) No. 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”). These financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2007.

### Significant accounting policies

The accounting policies adopted in the preparation of these interim financial statements are consistent with those used in the preparation of the Group’s annual financial statements for the year ended 31 December 2007, except for the adoption of the following interpretations (“INTs”), which are adopted for the first time in the current period’s financial statements.

HK(IFRIC)-INT 11	HKFRS 2: Group and Treasury Share Transactions
HK(IFRIC)-INT 12	Service Concession Arrangements
HK(IFRIC)-INT 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction

The adoption of the abovementioned accounting standards has had no effect on the results and financial position of the Group for the current or prior accounting periods as prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new standards or interpretations that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of Financial Statements <sup>1</sup>
HKAS 23 (Revised)	Borrowing Cost <sup>1</sup>
HKAS 27 (Revised)	Consolidated and Separate Consolidated Financial Statements <sup>2</sup>
HKAS 32 and HKAS 1 (Amendments)	Financial Instruments: Presentation – Puttable Financial Instruments and Obligations Arising on Liquidation <sup>1</sup>
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations <sup>1</sup>
HKFRS 3 (Revised)	Business Combinations <sup>2</sup>
HKFRS 8	Operating Segments <sup>1</sup>
HK(IFRIC)-INT 13	Customer Loyalty Programmes <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2009.

<sup>2</sup> Effective for annual periods beginning on or after 1 July 2009.

<sup>3</sup> Effective for annual periods beginning on or after 1 July 2008.

## 2. TURNOVER AND SEGMENT INFORMATION

### Primary reporting format – business segments

The Group has been organising on a worldwide basis into two main business segments:

General trading	–	trading of animal feed (mainly fishmeal and tapioca chips); and
Property investment	–	rental income from investment properties, sale of properties held for sale and provision of real estate agency services.

### Secondary reporting format – geographical segments

The Group has been operating in two main geographical areas:

Hong Kong	–	rental income from investment properties
Mainland China	–	trading of animal feed, rental income from investment properties, sale of properties held for sale and provision of real estate agency services

There are no sales or other transactions between the geographical segments. Sales are allocated based on the countries in which customers are located. An analysis of the Group's revenue and/or operating results for the six months ended 30 June 2008 and 2007 by business and geographical segments is as follows:

### Business segments

	Six months ended 30 June 2008		
	General trading HK\$'000 Unaudited	Property investment HK\$'000 Unaudited	Group HK\$'000 Unaudited
Revenue			
Sales	703,311	18,919	722,230
Rental income	–	15,770	15,770
	<u>703,311</u>	<u>34,689</u>	<u>738,000</u>
Segment results	<u>16,480</u>	<u>26,342*</u>	42,822
Unallocated income **			<u>19,657</u>
Finance costs (note 5)			62,479
Share of results of associates	–	4,398	(7,935)
			<u>4,398</u>
Profit before taxation			58,942
Income tax expense (note 7)			(2,396)
Profit for the period			<u>56,546</u>

\* The segment result of property investment included fair value gains on investment properties of HK\$12,121,000 (2007: HK\$62,352,000).

\*\* Unallocated income included the gain on disposal of office premises of HK\$21,604,000, net of unallocated expenses.

## Business segments

	Six months ended 30 June 2007		
	General trading <i>HK\$'000</i> Unaudited	Property investment <i>HK\$'000</i> Unaudited	Group <i>HK\$'000</i> Unaudited
Revenue			
Sales	751,948	–	751,948
Rental income	–	13,383	13,383
	<u>751,948</u>	<u>13,383</u>	<u>765,331</u>
Segment results	<u>(46,670)</u>	<u>68,173*</u>	21,503
Unallocated expenses			<u>(848)</u>
Finance costs ( <i>note 5</i> )			20,655
Share of results of associates	–	17,990	<u>(5,904)</u>
Profit before taxation			32,741
Income tax expense ( <i>note 7</i> )			<u>(17,706)</u>
Profit for the period			<u>15,035</u>

\* *The segment result of property investment included fair value gains on investment properties of HK\$62,352,000.*

## Geographical segments

	Six months ended 30 June	
	2008 <i>HK\$'000</i> Unaudited	2007 <i>HK\$'000</i> Unaudited
Revenue		
Hong Kong	7,412	8,034
Mainland China	<u>730,588</u>	<u>757,297</u>
	<u>738,000</u>	<u>765,331</u>



### 3. SEASONALITY OF OPERATIONS

The Group's general trading operations are subject to seasonal fluctuation. In general, demand for the Group's products increases in the second quarter and the third quarter of each year and decreases thereafter.

### 4. OTHER INCOME

	Six months ended 30 June	
	2008	2007
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Interest income	5,359	1,443
Gain on disposal of assets classified as held for sale	21,604	–
Realised gain on financial assets at fair value through profit or loss	–	478
Exchange gain, net	7,534	–
Fair value gains on investment properties*	12,121	62,352
Others	1,224	1,988
	<u>47,842</u>	<u>66,261</u>

\* *Investment properties of the Group were revalued at 30 June 2008 by an independent professional qualified valuer, A.G. Wilkinson & Associates. Valuations were based on current prices in an active market or discounted cash flow projections.*

### 5. FINANCE COSTS

	Six months ended 30 June	
	2008	2007
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Interest on bank borrowings wholly repayable within five years	5,884	5,304
Interest on borrowings repayable over five years	<u>2,051</u>	<u>600</u>
Total borrowings costs	<u>7,935</u>	<u>5,904</u>

## 6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	Six months ended 30 June	
	2008	2007
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Employee benefits expenses		
Wages and salaries	7,823	7,094
Retirement benefits costs-defined contribution plan	132	103
Depreciation	647	682
Amortization of prepaid lease payments included in property held for sale	–	39
Amortization of prepaid lease payments	82	8
Change in fair value of derivative financial instruments	761	–
(Reversal)/Allowance of doubtful debts	(167)	740
Write-down of inventories to net realizable value	11,572	41,892
Exchange loss, net	–	1,483
Freight charges	42,443	43,736

## 7. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made in the accounts as companies within the Group have no assessable profits arising in Hong Kong for both periods.

The major components of income tax expenses are:

	Six months ended 30 June	
	2008	2007
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Current income tax:		
Hong Kong profits tax	–	–
Deferred taxation:		
Origination and reversal of temporary differences in respect of revaluation of investment properties	2,396	17,706
Total income tax charge for the period	2,396	17,706

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

## 8. DIVIDENDS

	Six months ended 30 June	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Unaudited
Interim dividend paid of HK\$0.01 (2007: HK\$0.01) per ordinary share	<u><u>2,617</u></u>	<u><u>2,617</u></u>

## 9. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the following data:

	Six months ended 30 June	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Unaudited
Earnings for the purpose of basic earnings per share:		
Profit for the period attributable to equity holders of the Company	<u><u>56,546</u></u>	<u><u>15,035</u></u>
	Number of shares	
	2008	2007
	Unaudited	Unaudited
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u><u>261,684,910</u></u>	<u><u>261,684,910</u></u>
Basic earnings per share	<u><u>HK21.61 cents</u></u>	<u><u>HK5.75 cents</u></u>

No diluted earnings per share has been presented as there were no dilutive potential ordinary shares in both periods.

## 10. TRADE AND OTHER RECEIVABLES

	At 30 June 2008 <i>HK\$'000</i> Unaudited	At 31 December 2007 <i>HK\$'000</i> Audited
Bills receivables	74,919	145,353
Trade receivables	<u>10,310</u>	<u>14,723</u>
	85,229	160,076
Provision for impairment of receivables	<u>(4,213)</u>	<u>(4,325)</u>
	81,016	155,751
Prepayments and deposits	20,496	25,334
Other receivables	<u>6,924</u>	<u>2,547</u>
	<u><b>108,436</b></u>	<u><b>183,632</b></u>

The Group allows a credit period ranging from 30 to 90 days to its customers in respect of general trading. The ageing analysis of the trade and bills receivables is as follows:

	At 30 June 2008 <i>HK\$'000</i> Unaudited	At 31 December 2007 <i>HK\$'000</i> Audited
0-30 days	76,614	151,789
31-60 days	208	614
61-90 days	227	4
Over 90 days	<u>3,967</u>	<u>3,344</u>
	<u><b>81,016</b></u>	<u><b>155,751</b></u>

## 11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 30 June 2008 <i>HK\$'000</i> Unaudited	At 31 December 2007 <i>HK\$'000</i> Audited
Derivative financial instruments, at market value – forward foreign exchange contracts	<u><b>1,276</b></u>	<u><b>–</b></u>

## 12. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 30 June 2008 <i>HK\$'000</i> Unaudited	At 31 December 2007 <i>HK\$'000</i> Audited
Derivative financial instruments, at market value – forward foreign exchange contracts	<u>2,037</u>	<u>–</u>

## 13. TRADE AND BILLS PAYABLES

	At 30 June 2008 <i>HK\$'000</i> Unaudited	At 31 December 2007 <i>HK\$'000</i> Audited
Bills payables	215,702	145,353
Trade payables	<u>6,925</u>	<u>13,965</u>
	<u>222,627</u>	<u>159,318</u>

The ageing analysis of the trade and bills payables is as follows:

	At 30 June 2008 <i>HK\$'000</i> Unaudited	At 31 December 2007 <i>HK\$'000</i> Audited
0-30 days	222,580	158,737
31-60 days	–	–
Over 60 days	<u>47</u>	<u>581</u>
	<u>222,627</u>	<u>159,318</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group achieved encouraging results during the six months ended 30 June 2008 (the “Period”). The Group’s net profit for the Period was approximately HK\$56.5 million (2007: HK\$15.0 million), representing a rise of around 276% from the corresponding period in 2007.

The Group’s revenue from its various business segments for the Period as compared with the corresponding period in 2007 is set out below:

### REVENUE BY BUSINESS SEGMENT

	Six months ended 30 June	
	2008	2007
	<i>HK\$ million</i>	<i>HK\$ million</i>
	Unaudited	Unaudited
Fishmeal Products	648	611
Tapioca Products	55	141
Property Investment in Hong Kong	7	8
Property Investment in Mainland China	28	5
	<u>738</u>	<u>765</u>

The Group’s revenue for the Period was HK\$738 million, representing a drop of approximately 3.5% from the corresponding period last year. The reduction in revenue for the Period was mainly due to the decrease in sales of tapioca by HK\$86 million from the corresponding period last year.

The Group’s segmental profit for the Period as compared with the corresponding period in 2007 is set out below:

### PROFIT BY BUSINESS SEGMENT

	Six months ended 30 June	
	2008	2007
	<i>HK\$ million</i>	<i>HK\$ million</i>
	Unaudited	Unaudited
Fishmeal Products	15.8	(45.8)
Tapioca Products	0.7	(0.8)
General Trading	16.5	(46.6)
Property Investment	26.3	68.1
Segment Results	<u>42.8</u>	<u>21.5</u>
Net profit	<u>56.5</u>	<u>15.0</u>

The Group's net profit for the Period increased by about 276% to HK\$56.5 million as compared with the corresponding period in 2007. The increase was mainly due to the turnaround of the fishmeal business, from a segmental loss of around HK\$45.8 million for the corresponding period in 2007, to a segmental profit of HK\$15.8 million for the Period under review. Segmental loss for the previous period in 2007 mainly consisted of inventory provision of around HK\$41.9 million due to unexpected fluctuations in market selling prices and demand for fishmeal products in the Mainland China market.

In addition, the property investment segment recorded a profit of HK\$26.3 million as compared with HK\$68.1 million in the last period. Excluding the revaluation gain on investment properties of HK\$12.1 million (2007: HK\$62.4 million), the rental income and sale of properties generated a profit of HK\$14.2 million (2007: HK\$5.7 million), representing an increase of 149% from the corresponding period last year.

Apart from the segmental profit as disclosed above, the Group's net profit also included a profit on disposal of our office premises of approximately HK\$21.6 million for the Period (2007: Nil). The gain on this disposal was classified as unallocated income in the Segment Information section. In the Period, the Group completed the acquisition of new office premises located at Unit D, 26/F, United Centre, 95 Queensway, Hong Kong at a cost of approximately HK\$42.5 million. In April 2008, the Company moved to the said property as our new headquarters. The new office premises were valued at HK\$59.2 million by an independent valuer as at 30 June 2008.

## **BUSINESS REVIEW**

### **General Trading**

During the Period, general trading in both fishmeal and tapioca products generated profits. The gross profit margin from general trading operations improved significantly for the Period as compared with the corresponding period in 2007.

#### *Fishmeal Products*

The rising demand for various protein products around the world has led to increasing demand for fishmeal products, which in turn resulted in the increase in prices of fishmeal products from the last quarter of 2006 until the first quarter of 2007. For instance, in Peru, the price increased by more than 40% during the aforesaid period. However, due to the outbreak of a serious, uncommon pig's disease in the last quarter of 2006 and early 2007 in Mainland China, fishmeal product prices in Mainland China declined drastically during the second and third quarters of 2007 by around 25%. After adjustments in the market, fishmeal product prices stabilized at support levels in the last quarter of 2007. Due to the increasing trend in commodity prices, which include prices of vegetable proteins, crude oil, etc., prices of fishmeal products also increased gradually from the last quarter of 2007.

On average, selling price of fishmeal products for the Period was 17% below the average selling price for the same period in 2007. The attractive selling prices in the Period stimulated higher demand for fishmeal products, which led to the Group's increase of fishmeal sales in metric ton by 27% as compared with the corresponding period last year, resulting in an increase in turnover of fishmeal products for the Period by 6.1% as compared with the previous period in 2007.

### *Tapioca Products*

Under unfavorable market conditions, the tapioca business division was extremely cautious. Our sales team entered into sales contracts only with well-established customers, resulting in a drastic decrease of 61% in turnover of tapioca products for the Period as compared with the corresponding period in 2007. Nevertheless, the tapioca business division successfully controlled operating costs to generate a segmental profit of approximately HK\$0.7 million for the Period.

### **Property Investment in Hong Kong**

As the Group had sold two units of retail shops in 2007, total rental income generated by investment properties in Hong Kong dropped slightly for the Period as compared with the corresponding period in 2007. During the Period, the Group successfully renewed tenancy agreements for a number of its investment properties at market rates and our investment properties in Hong Kong valued by an independent valuer recorded a gain before tax of around HK\$6.6 million as at 30 June 2008.

### **Property Investment in Mainland China**

During the Period, the Group sold 4 units of the Merry Tower apartments located at Jingan District in Shanghai with sales proceeds of around HK\$19 million (2007: Nil), resulting in a gain of around HK\$5.6 million.

In addition, rental income of HK\$8.3 million (2007: HK\$4.9 million) was generated from investment properties in Mainland China, representing an increase of 69% as compared with the corresponding period last year. The increase was mainly due to the lease of one investment property located at Chang Ning District, Shanghai to a new tenant since May 2007, which generated a monthly rental income of RMB460,000. As at 30 June 2008, there was a gain of around HK\$5.5 million from revaluation of investment properties in Mainland China.

For the Period, the share of profit of the Group's associates of around HK\$4.4 million included the attributable share of fair value gain on investment properties owned by the associates amounting to around HK\$4.8 million deducting from which the Group's attributable share of operating loss of the associates.



## **PROSPECTS**

### **General Trading**

The inventories as at 30 June 2008 mainly represented stock-in-transit which have mostly been supported by profitable sales contracts, with deposits received. For those inventories without committed sales contracts, our marketing team has implemented a marketing plan to clear these inventories in the second half of 2008.

The Group's analysis of fishmeal market reflects that the supply of fishmeal products from Peru to Mainland China market may be limited in coming months. On the demand side, however, fishmeal being the best protein source without perfect substitute, and due to the constant recovery of swine industries in Mainland China, there is firm demand for fishmeal products from major industries at the prevailing market selling prices. As we are the largest Peruvian fishmeal merchant, with the support of our strong marketing team in Mainland China, we are in a strong position to seize more business opportunities from the market.

In the second half of 2008, the Group will continue to monitor tapioca contracts with caution.

### **Property Investment**

In the second half of 2008, due to the continuing sub-prime loan crisis in the United States, the world economy is expecting stagnant growth and the Hong Kong property market is expecting moderate downward adjustment. The Group will be cautious in reviewing the rental rates of our property portfolio and in considering investment opportunities.

In Mainland China, government policy relating to the property market may have an effect on property prices in Shanghai. The Group holds investment properties in Shanghai for rental yield on a long-term basis, and will consider investment opportunities in the Shanghai property market prudently in coming years.

## **FINANCIAL REVIEW**

As at 30 June 2008, the Group's gearing ratio was 18% (31 December 2007: 21%) which is based on the Group's long term bank borrowings of HK\$125 million (31 December 2007: HK\$134 million) and shareholders' equity of HK\$697 million (31 December 2007: HK\$625 million). As at 30 June 2008, total bank balances and cash on hand were HK\$273 million (31 December 2007: HK\$79 million).

As at 30 June 2008, the total bank borrowings of the Group amounted to HK\$479 million (31 December 2007: HK\$293 million) and the maturity profile of the Group's bank borrowings falling due within one year was 74% (31 December 2007: 54%) and more than one year was 26% (31 December 2007: 46%). The Group's borrowings were denominated in HK dollars, US dollars and Renminbi.

The Group adopts prudent policies to hedge exchange rate risk associated with our core business. The majority of our purchases are denominated in US dollars and part of our sales are denominated in Renminbi. In the first half of 2008, the Group entered into a number of forward contracts to hedge the exchange rate risks as deemed necessary.

## **PLEDGE OF ASSETS**

As at 30 June 2008, the Group had available but not yet utilized banking facilities amounting to approximately HK\$355 million (31 December 2007: HK\$465 million). The aforesaid facilities were secured by the following pledged assets approximately: certain prepaid lease payment with aggregate book value of HK\$38 million (31 December 2007: HK\$0.2 million), asset classified as held for sale of HK\$Nil (31 December 2007: HK\$14.9 million), property, plant and equipment of HK\$7.5 million (31 December 2007: HK\$1.2 million), property held for sale of HK\$13 million (31 December 2007: HK\$27 million) and investment properties of HK\$627 million (31 December 2007: HK\$651 million).

## **INTERIM DIVIDEND**

The Board has declared an interim dividend of HK\$0.01 per share for the six months ended 30 June 2008 (2007: HK\$0.01 per share) payable on or about 24 October 2008 to the shareholders of the Company whose names are on the register of members of the Company on 15 October 2008.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Monday, 13 October 2008 to Wednesday, 15 October 2008, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for entitlement to the interim dividend for the six months ended 30 June 2008, unregistered holders of shares of the Company should ensure that all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Tricor Abacus Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on Friday, 10 October 2008.

## **PURCHASE, SALE OR REDEMPTION OF SECURITIES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed shares during the Period.

## **CORPORATE GOVERNANCE**

The Company recognizes the importance of good corporate governance in enhancing the management of the Company as well as preserving the interests of the shareholders as a whole. The Board is of the view that the Company has met the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules for the six months ended 30 June 2008, except for the code provision E.1.2. This code provision stipulates that the chairman of the board of a listed issuer should attend the issuer's annual general meeting. At the Company's 2008 annual general meeting held on 23 May 2008, Mr Rustom Ming Yu HO, the Chairman of the Board, was not present since he had another important business engagement. Despite his absence, he had arranged for Mr John Ming Tak HO, the Managing Director of the Company who has been with the Group for over 16 years and is well versed in all the business activities and operations of the Group, to take the chair of the meeting.

## **AUDIT COMMITTEE**

The audit committee, comprising all the three independent non-executive directors of the Company, has reviewed with the management of the Company on the accounting principles and accounting standards adopted by the Group and discussed matters relating to auditing, internal control and financial reporting of the Group.

## **PUBLICATION OF INTERIM RESULTS ON THE STOCK EXCHANGE'S WEBSITE**

This interim results announcement is published on the websites of the Stock Exchange of Hong Kong Limited at [www.hkexnews.hk](http://www.hkexnews.hk) and of the Company at [www.greatchinaholdingsltd.com.hk](http://www.greatchinaholdingsltd.com.hk). An interim report of the Company containing all the information required by the Listing Rules will be dispatched to the shareholders and will be published on the websites of the Company and of the Stock Exchange of Hong Kong Limited in due course.

## **APPRECIATION**

On behalf of the Board, I would like to thank all our colleagues for their diligence, dedication, loyalty and integrity. I would also like to thank all our shareholders, customers, bankers and other business associates for their trust and support.

On behalf of the Board  
**John Ming Tak HO**  
*Managing Director*

Hong Kong, 24 September 2008

*The directors of the Company as at the date of this announcement are: Mr Rustom Ming Yu HO (Chairman), Mr John Ming Tak HO (Managing Director) and Mr Patrick Kwok Wai POON as Executive Directors; Ms Daphne HO as Non-executive Director; and Mr Lawrence Kam Kee YU BBS MBE JP, Mr David Hon To YU and Mr Hsu Chou WU as Independent Non-executive Directors.*